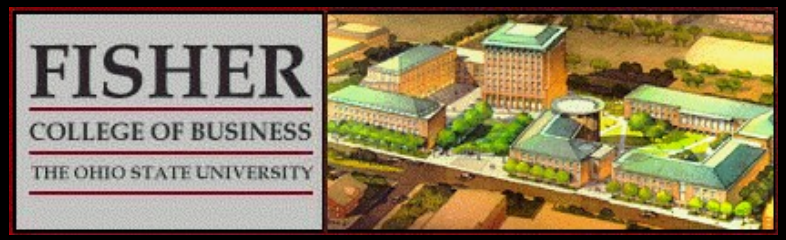
Supplier Relationship Management in the Context of Supply Chain Management

Keely L. Croxton, Ph.D.

Asst. Professor of Logistics

The Ohio State University



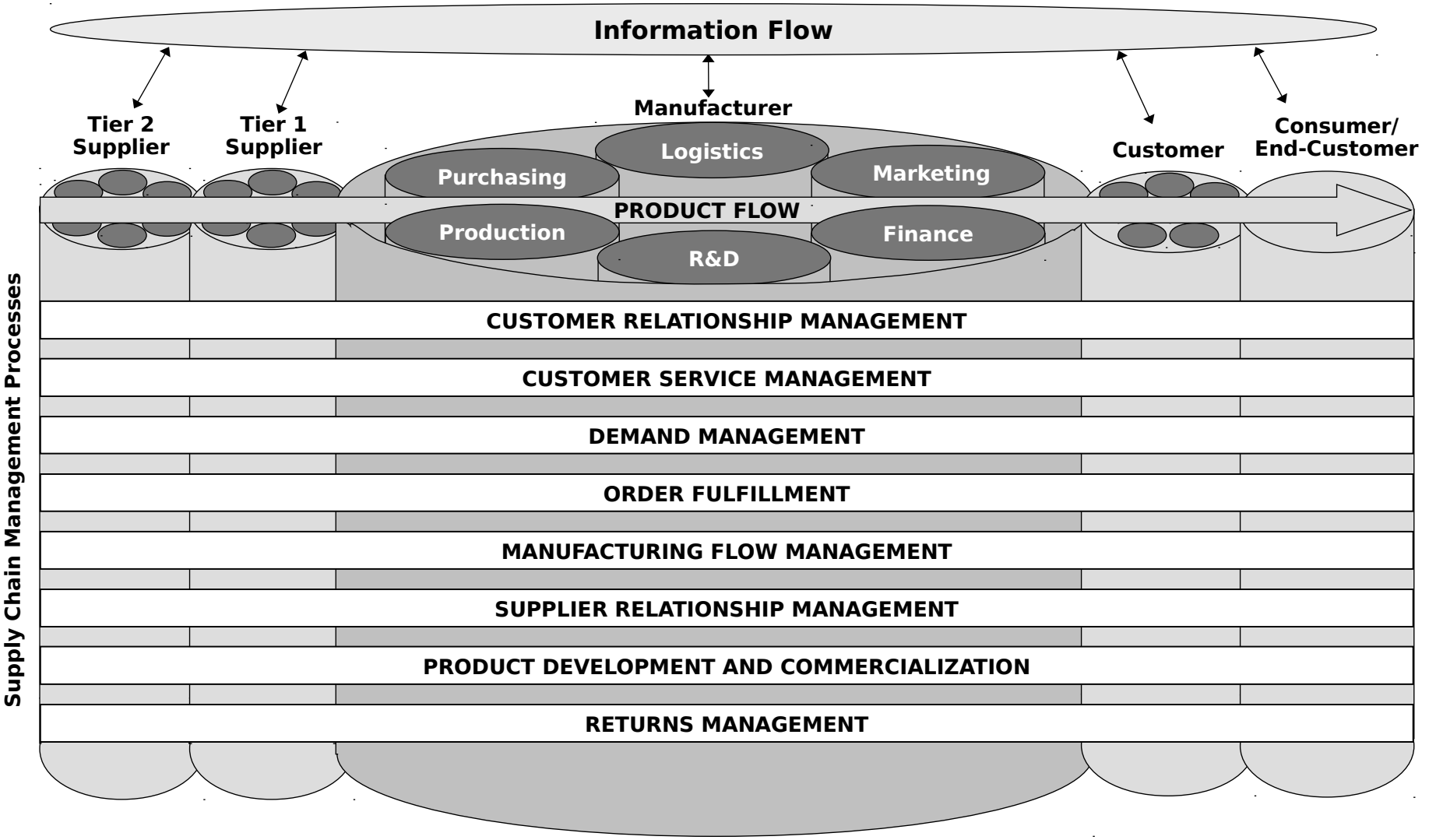
What is Supply Chain Management?

According to The Global Supply Chain Forum…

Supply chain management is the integration of key business processes from end user through original supplier that provides products, services, and information that add value for customers and other stakeholders.

Source: Lambert, Douglas M., Martha C. Cooper and Janus D. Pagh, “Supply Chain Management: Implementation Issues and Research Opportunities,” The International Journal of Logistics Management, Vol. 9, No. 2, 1998, p.2.

Integrating Key Business Processes



Source: Adapted from Douglas M. Lambert, Martha C. Cooper and Janus D. Pagh, "Supply Chain Management: Implementation Issues and Research Opportunities," *The International Journal of Logistics Management*, Vol. 9, No. 2 (1998), p. 2.

The Processes

- **Customer Relationship Management** - provides the structure for how relationships with customers are developed & maintained, including the PSAs between the firm & its customers.
- **Customer Service Management** - provides the firm's face to the customer, including management of the PSAs, and provides a single source of customer information.
- **Demand Management** – provides the structure for balancing the customers' requirements with supply chain capabilities.
- **Order Fulfillment** – includes all activities necessary to define customer requirements, design the logistics network, and fill customer orders.
- **Manufacturing Flow Management** - includes all activities necessary to move products through the plants & to obtain & manage manufacturing flexibility in the supply chain.
- **Supplier Relationship Management** - provides the structure for how relationships with suppliers are developed & maintained, including the PSAs between the firm & its suppliers.
- **Product Development and Commercialization** – provides the structure for developing and bringing to market new products jointly with customers and suppliers.
- **Returns Management** – includes all activities related to returns, reverse logistics, gatekeeping, & avoidance.

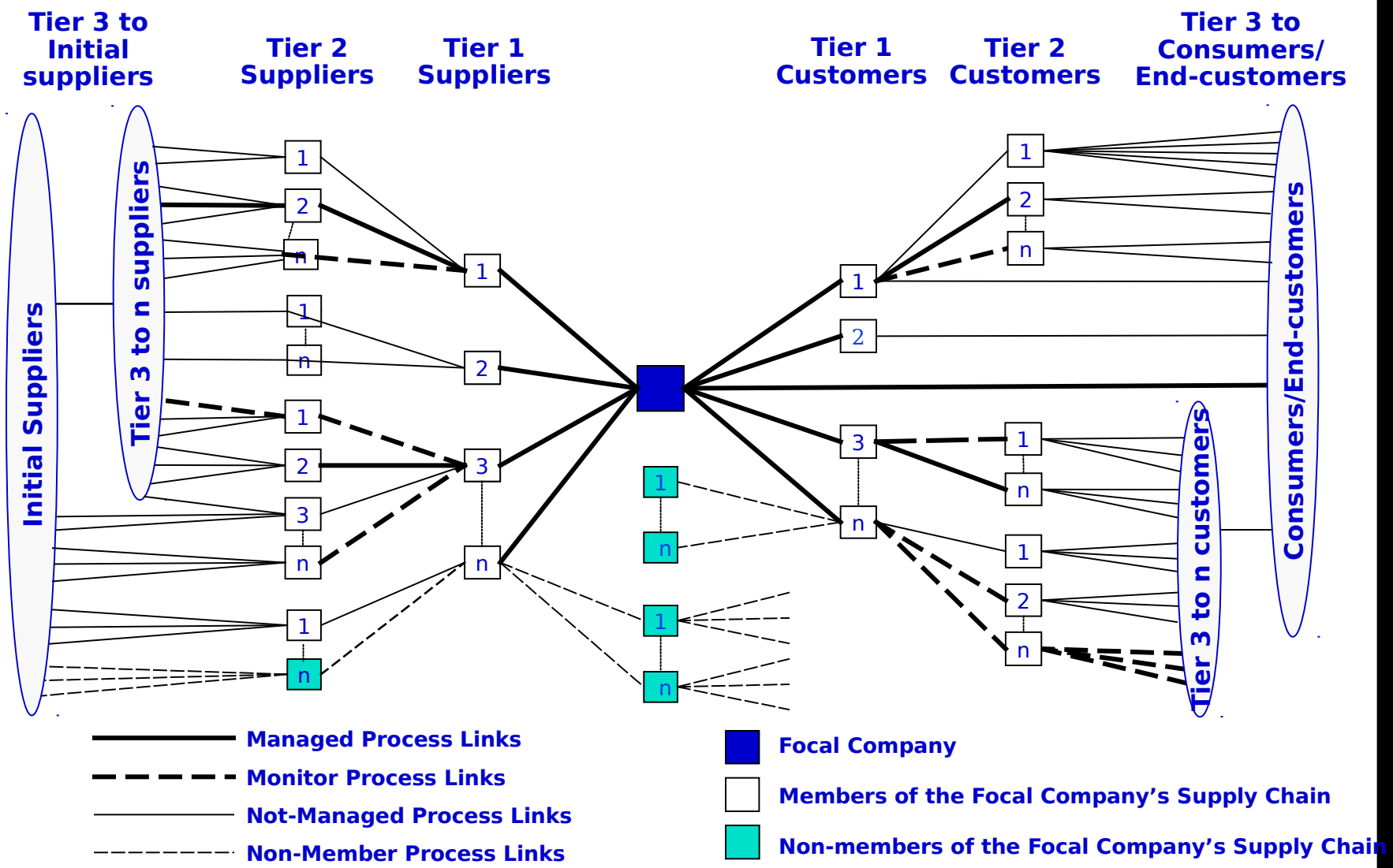
Source: Keely L. Croxton, Sebastián J. García-Dastugue, Douglas M. Lambert, and Dale S. Rogers, "The Supply Chain Management Processes," *The International Journal of Logistics Management*, Vol. 12, No. 2, 2001, p. 25.

Why Integrate?

Because…

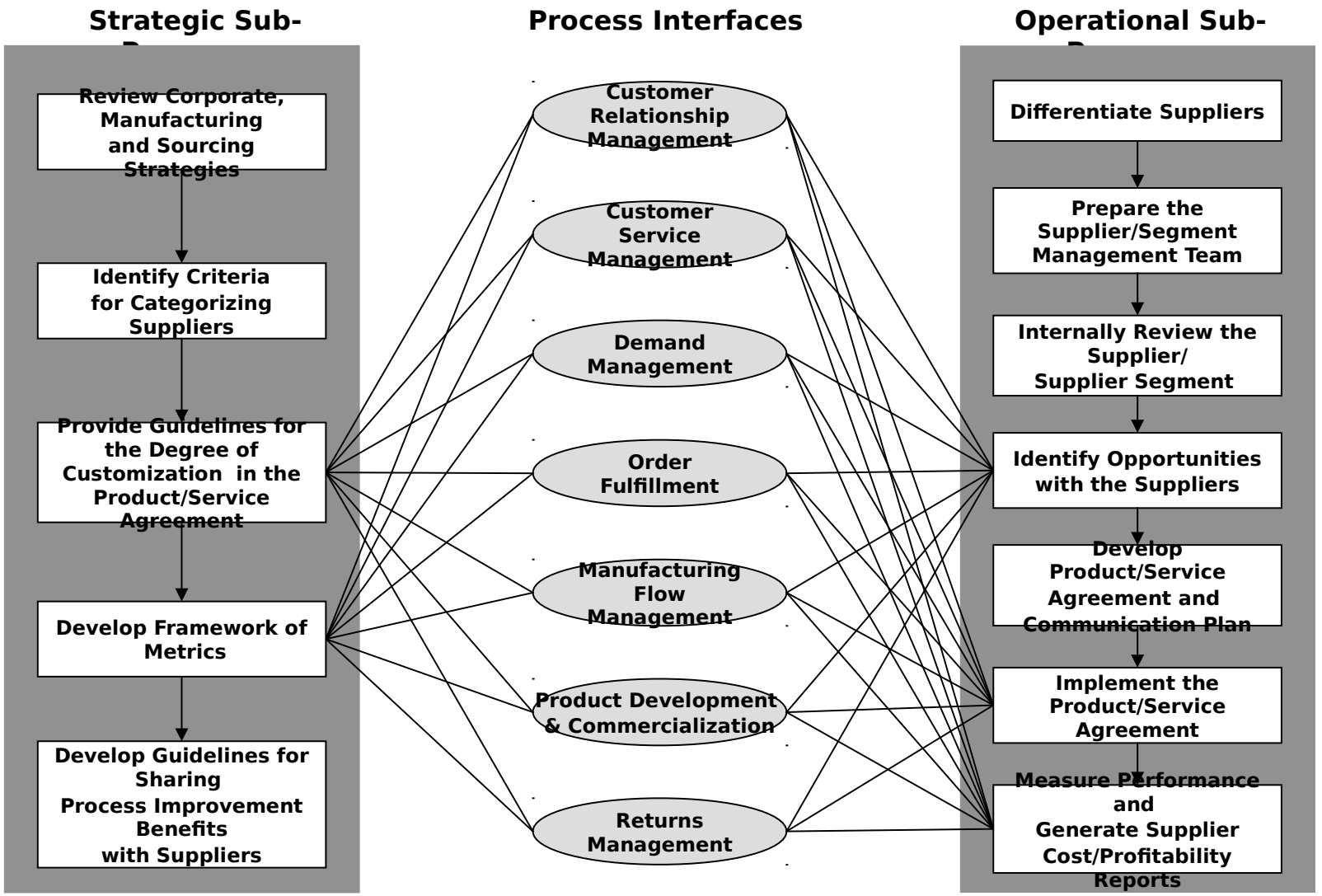
- there might be potential for competitive advantages,
- competitors might already be working on it,
- it should bring more stability to the relationship,
- It should bring improvements to customer service, profits, costs,
- technology is driving businesses in that direction,
- the world is becoming more global and business practices are changing,
- companies tend to focus on their core competencies,
- when these systems have been implemented they become an intangible asset.

Types of Inter-Company Business Process Links



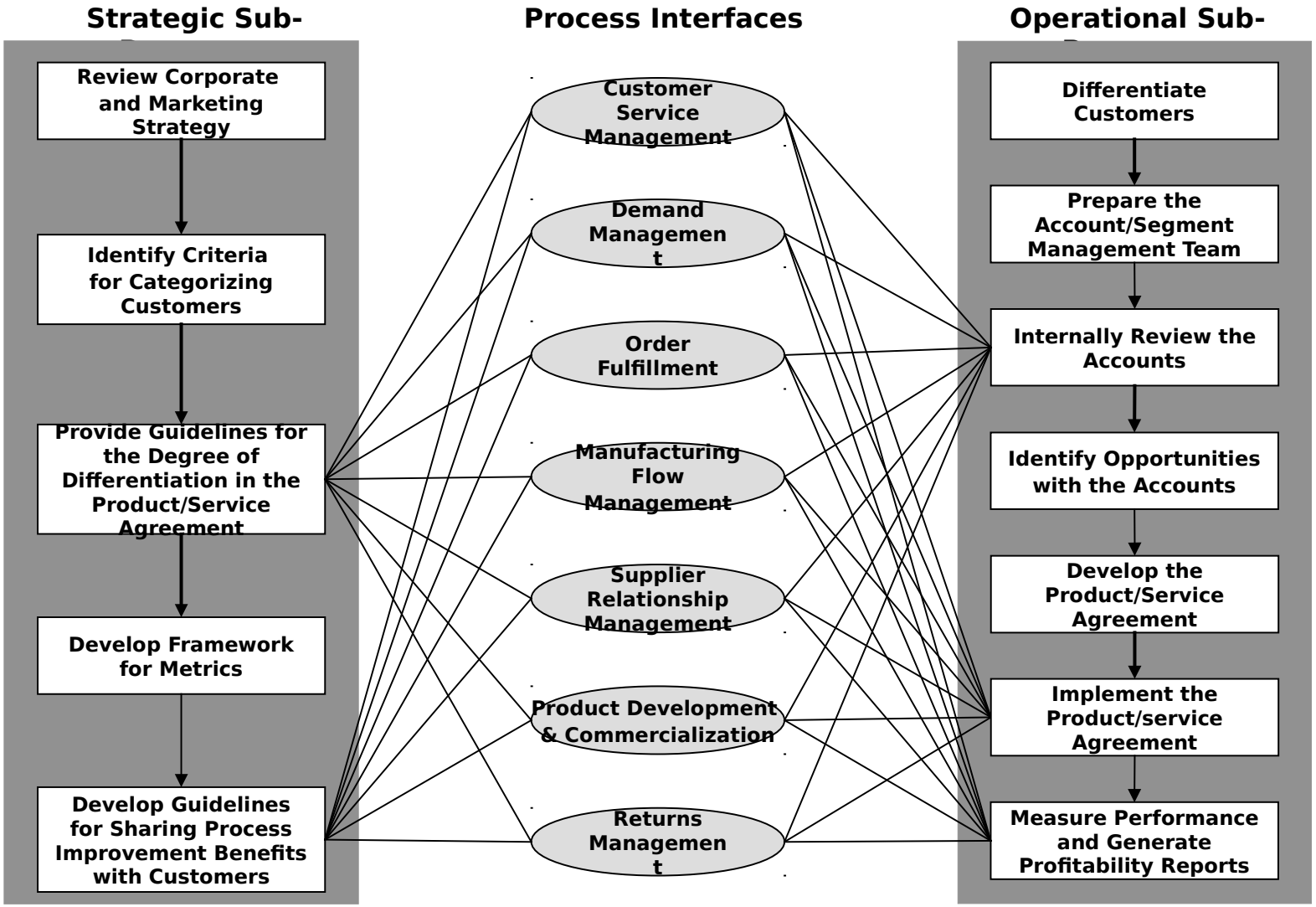
Source: Douglas M. Lambert, Martha C. Cooper, and Janus D. Pagh, "Supply Chain Management: Implementation Issues and Research Opportunities," *The International Journal of Logistics Management*, Vol. 9, No. 2, 1998, p. 7.

Supplier Relationship Management


Strategic Sub-
Process Interfaces
Operational Sub-
Review Corporate, Manufacturing and Sourcing Strategies
Identify Criteria for Categorizing Suppliers
Provide Guidelines for the Degree of Customization in the Product/Service Agreement
Develop Framework of Metrics
Develop Guidelines for Sharing Process Improvement Benefits with Suppliers
Customer Relationship Management
Customer Service Management
Demand Management
Order Fulfillment
Manufacturing Flow Management
Product Development & Commercialization
Returns Management
Differentiate Suppliers
Prepare the Supplier/Segment Management Team
Internally Review the Supplier/ Supplier Segment
Identify Opportunities with the Suppliers
Develop Product/Service Agreement and Communication Plan
Implement the Product/Service Agreement
Measure Performance and Generate Supplier Cost/Profitability Reports

Source: Keely L. Croxton, Sebastián J. García-Dastugue, Douglas M. Lambert, and Dale S. Rogers, "The Supply Chain Management Processes," *The International Journal of Logistics Management,* Vol. 12, No. 2, 2001, p. 25.

Customer Relationship Management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Differentiate Customers
Prepare the Account/Segment Management Team
Internally Review the Accounts
Identify Opportunities with the Accounts
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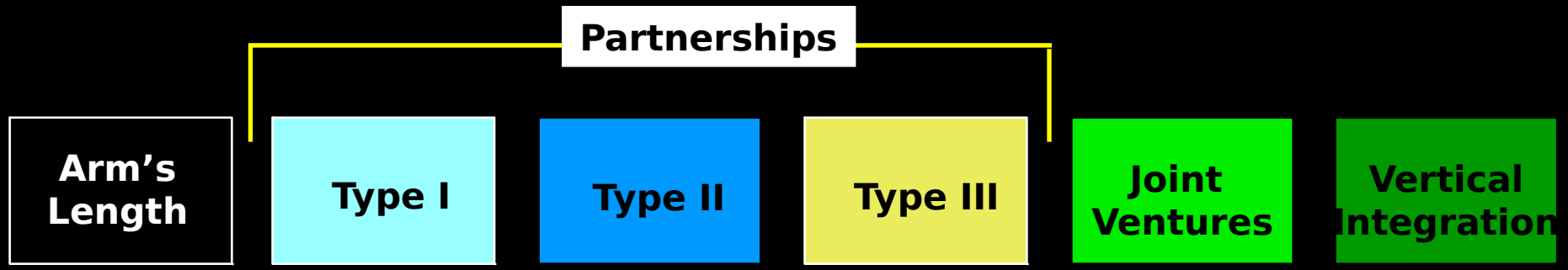
Source: Keely L. Croxton, Sebastián J. García-Dastugue, Douglas M. Lambert, and Dale S. Rogers, "The Supply Chain Management Processes," *The International Journal of Logistics Management,* Vol. 12, No. 2, 2001, p. 15.

Types of Relationships



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Partnership - Definition

A partnership is a tailored business relationship based on mutual trust, openness, shared risk and shared rewards that results in business performance greater than would be achieved by two firms working together in the absence of partnership.

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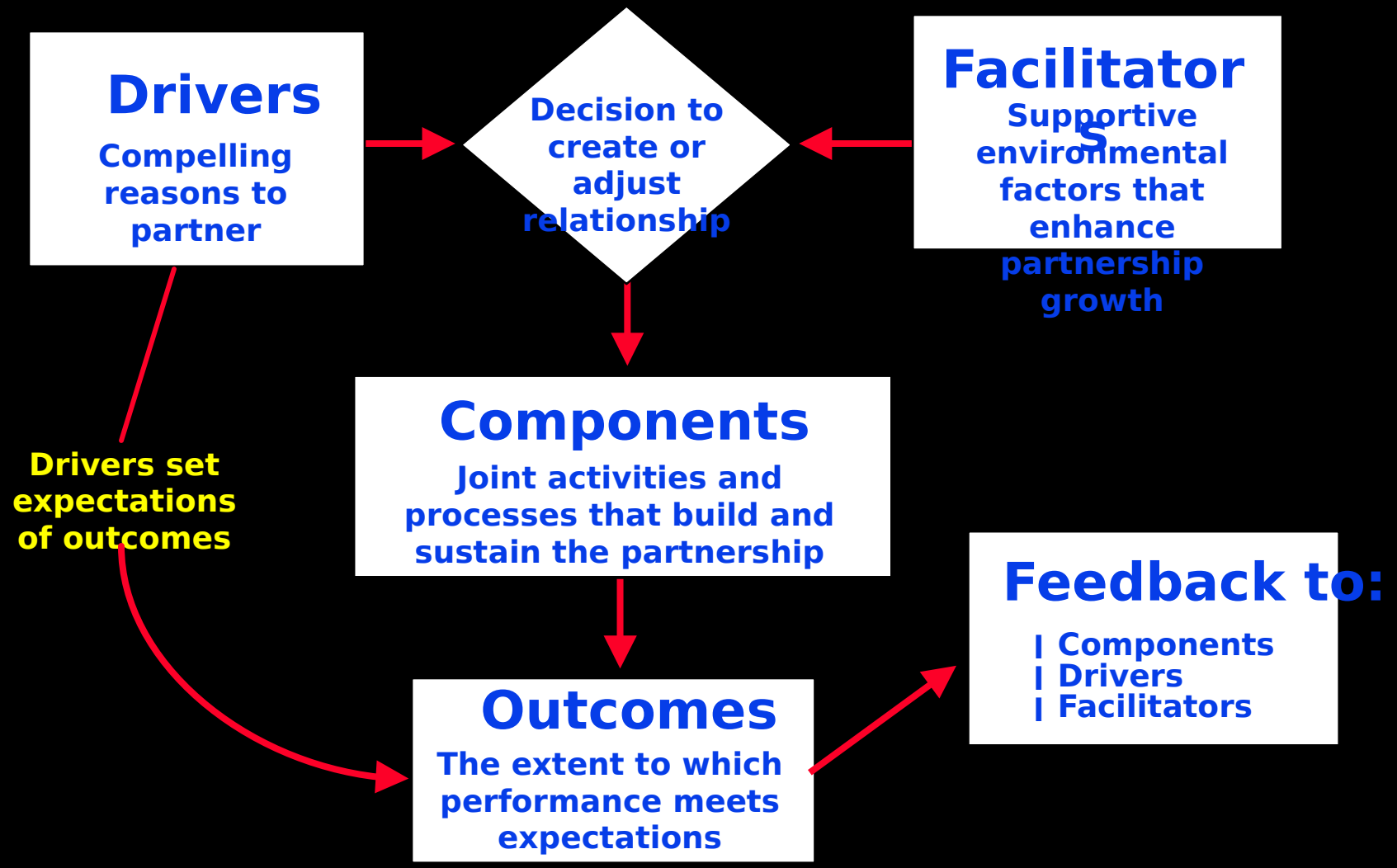
The Partnership Model



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Thank you!